Blue Ribbon Commission on Transportation
Administration Committee

Draft Meeting Summary
May 12, 1999

Approved June 18, 1999

Present: Doug Hurley, Chair, Peter Bennett, Vice Chair, Greg Devereux, Representative Ruth Fisher, Tomio Moriguchi, Connie Niva, Patricia Notter, Ken Smith, Judie Stanton

Absent: Bob Dilger, Senator Dino Rossi

Others in Attendance:[1] Kim Becklund (Washington Transportation Alliance), Jerry Ellis (Washington State Department of Transportation), Charlie Howard (WSDOT), Glen Leicester (Greater Vancouver Transportation Authority), Dean Lookingbill (Southwest Washington Regional Transportation Council), Chris Rose (Washington State Transportation Commission), Charlie Shell (City of Seattle), Gretchen White (WSDOT)

The Chair called the meeting to order at 8:40 a.m. The Committee approved the summary of the April 16th meeting as drafted. Anne Fennessy of Cocker Fennessy, communication consultant to the Commission, addressed the Committee. She requested that Committee members provide the names of organizations, stakeholders, opinion leaders, and members of the media for inclusion in the Commission's database.

The Chair explained that most of the meeting would continue the Committee's consideration of governance issues, including a joint session with the Revenue Committee for the second portion of the meeting.

Vancouver, B.C.: Greater Vancouver Transportation Authority's TransLink

[1] The Administration Committee devoted the second part of its May 12 meeting to a joint meeting with the Revenue Committee. Some attendees were present at only part of the meeting. The minutes of the Revenue Committee list Revenue Committee members present.

Glen Leicester, Head of Implementation Planning for the Greater Vancouver Transportation Authority, described the region's newly created transportation agency, colloquially known as TransLink. TransLink was established as a single-purpose authority to provide regional control and accountability and to improve transportation service throughout the Greater Vancouver Regional District, a federated government comprised of representatives of 20 municipalities in the Vancouver area. Its goals are to improve the transit supply and major road network in the region as well as to integrate transportation services and infrastructure with the region's growth management strategy and air quality plans. TransLink's Board consists of 12 elected officials appointed by and from the Greater Vancouver Regional District and three members appointed by the Provincial Cabinet.

Transit is a primary focus of the authority. TransLink will oversee the planning, service levels, budgets, and financing of the bus, ferry, light rail, and commuter rail companies previously operated by BC Transit as part of the Provincial Government. TransLink's management of these systems is meant to provide more local control of transit. Currently, most of TransLink's budget goes to transit. Glen Leicester acknowledged that the culture of public transit is stronger in Canada than in the United States. In the Greater Vancouver Regional District, an agricultural land reserve constrains urban development; there are relatively few highway miles; and the need for transit-oriented infrastructure development is recognized.

Before the establishment of TransLink, the Province and municipalities shared responsibilities for the management of roadways, but little integration of roadway planning occurred. TransLink will develop and monitor the Major Road Network (MRN), which includes major highways and streets as well as the Albion ferry and key bridges. Through the MRN, TransLink will coordinate road policy, traffic management systems, and priority measures for transit and other high-occupancy vehicles. The MRN is a partnership with municipalities, which will now own several of the former Provincial highways (including Highway 1A and 99A, for example, but not the major Provincial highways such as Highway 99 and Highway 1). TransLink will provide the funding for municipalities to conduct operations, maintenance, rehabilitation, and construction work on both the former Provincial highways and the other major roads, in accordance with standards set by TransLink. With funds from TransLink, the municipalities were willing to accept the additional responsibility for Provincial highways. Providing funding also enhances TransLink's ability to set standards and plan a regional network of major roads. Unless the municipalities meet TransLink's standards, they will not receive funding for the roads in their jurisdictions.

TransLink also is responsible for Transportation Demand Management (TDM), a program using a mix of incentives and disincentives to encourage more walking, bicycling, transit use, ride-sharing, and off-peak travel.

TransLink's funding comes from a transfer of the previous Provincial transportation contribution as well as existing local sources, including fare revenues, gas tax, parking charges, a levy on hydropower, and a nonresidential property tax. Currently, the shifting of taxes and fees among the Province, regional government, and GVTA is revenue-neutral.

TransLink also has the authority to collect additional revenues through increases to existing fees and charges and project tolls. The question was raised whether the GVTA would have the courage to raise revenues, and Glen Leicester acknowledged that that remains to be seen. He explained that the GVTA Board believes that vehicle charges would likely be better than parking taxes, and they understand that significant revenues will be required to do the expansion necessary.

Enclosed with this meeting summary is a copy the slides from Leicester's presentation on TransLink. In addition, the Committee's draft background paper on Governance Structures provides further detail.

The Committee took a break at 9:45 a.m. and reconvened in a joint session with the Revenue Committee at 10:00 a.m. to discuss issues that overlap both Committees.

Public-Private Initiatives in Washington State

Jerry Ellis, Director of the WSDOT Transportation Economic Partners Program, described the history of public-private initiatives (PPI) in Washington State and focused specifically on the Tacoma Narrows PPI. In 1993, the Washington State Legislature passed legislation authorizing public-private initiatives to finance road, bridge, and other transportation improvements. The legislation was intended to provide more opportunities for the state to develop transportation improvements, using private-sector financing and expertise and to supplement state transportation revenues for needed projects. By combining the strengths of the private sector with contributions from the public sector, the PPI framework was meant to provide cost-effective and needed transportation facilities without funding from traditional tax sources.

Jerry Ellis described several values of public-private partnerships. With the design/build opportunity come cost and schedule savings due to efficiency in having a single design/engineering/construction team versus multiple contracts. The project risks of design, construction, operation, and maintenance shift to the private-sector partner. The private-sector partner provides financing, so the state has no increased debt. Development costs are shared; the public sector contributes to environmental studies and right-of-way acquisitions.

Soon after the 1993 authorizing legislation, major national and international firms presented 14 projects believed to meet a need, bring demand, and be economically viable for private investment. Among the proposals that the Washington State Transportation Commission approved to advance was the proposal to add capacity to SR-16 over the Tacoma Narrows using toll facilities. Several of the proposed projects generated significant local opposition. In 1995, the Legislature changed the law to require an advisory election on any public-private toll facility that encounters community opposition and required WSDOT to consider the results of this advisory election in determining whether to proceed. In 1996, the Legislature further required that the advisory election consider the preferred alternative resulting from an environmental review under state and federal laws.

Following an advisory election that favored the Tacoma Narrows proposal in Fall 1998, a contract is now being negotiated with United Infrastructure Company. The project schedule assumes completion of an environmental impact statement (EIS), permitting, and executing a design/build contract in 1999; project financing and construction beginning in 2000; and the new facility open to traffic in 2004-2005. The public contribution to the partnership will be $50 million from the state transportation fund to "buy down" the tolled project cost; $10 million in funding of environmental reports and public involvement processes; deferral of state sales tax; and business occupation and public utility tax exemptions. The private contribution will be $300 million in private debt financing; $10 million in pre-financing costs; the design/build contract; and management and operations agreements.

Jerry Ellis considers the Tacoma Narrows PPI an excellent project, in that it meets all the financial drivers, with a huge demand and value in the service provided, and it is a project not normally within a 20-year planning horizon due to its size and cost. But the state contribution is higher than when the project was selected in 1994. It is not realistic to expect the private sector to undertake EIS and development costs in the face of an election, the results of which are uncertain. The ballot requirement changes the dynamics of contractual and financial partnership so substantially that it limits the ability to do projects in the future. Changing some of the rules of the game in midstream harms the state's reputation. To entice private involvement for future projects will require that state funds be a part of project development.

A primary lesson learned from the PPI experience on other projects so far is that not all projects can be tolled. There must be public buy-in beyond the concept of the new policy. As soon as a name, a place, and a number is put on a project, and it is in someone's backyard, opposition arises. The Blue Ribbon Commission on Transportation will face the same problem.

Committee discussion centered on why public opposition has defeated several projects initially in the PPI pipeline. The SR-520 project faced such opposition in large part because the Madison Park and Laurelhurst neighborhoods harbored significant mistrust based on past history regarding the development of SR-520 and the I-5 convergence. It was not simply a question of "not in my backyard." For the SR-18 project, the fact that it introduced a toll on an existing road, as opposed to a bridge or a completely new corridor, made it less palatable. Even if additional capacity or lanes are added, tolls on existing roads will be difficult.

Questions were asked about the public opposition to private-sector involvement. Is the opposition due to the concern that the private partner will make a profit? This position seems problematic because we already use private contractors on public works projects. Despite the existing distrust of government, the level of trust appears higher when government, rather than the private sector, levies a toll. It may be that as awareness of the need for such projects increases, and with the publicity over the past two or three years, readiness to accept toll road proposals may increase.

Alternative Governance Structure Models and Funding Implications

Patricia Boies, Administration Committee staff, and Kathy Elias, Revenue Committee staff, presented four models of governance structures from other jurisdictions: San Diego, Vancouver, B.C., Michigan, and New Zealand. They described what these models would look like if implemented in Washington. The matrix of the models is attached to this meeting summary. More information on the models is contained in the Administration Committee's draft background paper on Governance Structures

San Diego Model. The San Diego Association of Governments (SANDAG) is an example of greater alignment of funding authority with planning, which enhances the ability to implement projects on the ground. SANDAG serves as both the Metropolitan Planning Organization for federal purposes and the regional planning agency under state law (similar to the Puget Sound Regional Council). SANDAG receives not only federal funds, however, but also gas tax revenues and state and local sales tax revenues. The local sales tax revenue derives from a county vote in 1987, and SANDAG credits this revenue for its improved ability to implement projects in its regional transportation plan. PSRC, in contrast, allocates only federal funds. Such a model in Puget Sound would channel more of the state gas tax through PSRC, as well as any new local-option tax, and could result in greater implementation of projects in the regional transportation plan.

A Committee member remarked that while the model would not be that difficult to implement, it would be a major shift for the Legislature because of the increased local authority. A member asked if the new money would be local-option money. The answer was that it would include local-option money but was primarily a reallocation of existing funding. It was clarified that the local funding would be subject to the restrictions of the 18th Amendment if the gas tax were the funding source.

A member stated that the model would be advantageous in that it would increase local control of funding. Another member asked if funding would be distributed based on population or as a percentage of the gas tax received from that county or region. It was suggested that a workable formula could be developed. A member asked local representatives on the Committee if they would support sending money to a regional body. One answer given was positive if a regional list of projects could be determined.

Vancouver, B.C. Model. The Vancouver model goes further in that a new regional authority assumes ownership of public transit and also oversees and funds major regional roads, which local governments own and operate. By consolidating responsibility for transit and roads into one authority that receives contributions from the Province, existing local sources, and possible new sources, the Vancouver model combines planning, funding, and programming in a single entity. In Puget Sound, this model would mean a single new regional entity would have jurisdiction over all transit agencies (Sound Transit, Metro, Community Transit, Pierce Transit, etc.) and would also oversee and fund regional arterials.

In both San Diego and Vancouver, the impetus was to provide stronger regional control and coordination. Proposals in Michigan and New Zealand were prompted more by a severe backlog in road repair.

Michigan Model. The Michigan model, based on Governor Engler's 1997 proposal, proposed a state takeover of county and city roads of economic significance, which would transfer to the state. A gas tax increase, as well as cost savings and other efficiency gains, would fund the repair, construction, and operation of the roads, with no net loss to local government. In Washington, this model would mean that arterials of regional significance would transfer to WSDOT, with additional state funding.

A member asked what the opposition to the Michigan model had been. The answer was the potential loss of control or ownership. Another member asked if the Michigan model addressed King County Executive Ron Sims' idea of a regional arterial network system. Another member said that it did not achieve that level of integration.

New Zealand Model. New Zealand, which has struggled with public debt and placed constraints on public borrowing, currently requires its DOT and the 74 local governments to contract out all construction, operation, and maintenance. A new proposal would further privatize transportation and fund it entirely with gas taxes and other user fees. The proposal would create four to six publicly owned road utilities from the 74 local governments, which would own shares in the utilities and appoint their directors. The operating assets, including all road improvements, would transfer from the governments to the new road utilities. Ownership would remain with the local governments. Property taxes would no longer fund roads. The gas tax would be increased and other user fees authorized, including tolls. The impact on most households and business would be neutral, because removal of the portion of property tax that funds transportation would offset any increases in fees. If such a model was implemented here, road assets would transfer to publicly owned companies whose revenue would come from gas taxes and other user fees. County road taxes would be eliminated and city property taxes reduced.

A member asked whether the New Zealand model transferred the power of eminent domain. Staff was unsure about the answer, but license fees were transferred to the road utilities created. A member remarked that a structural rearrangement without money transferred would not do much good. Another member suggested the idea was to spend the money in the area where it was raised.

A question was posed whether members felt Washington's transportation system was in enough of a crisis to pursue the somewhat radical alternative models. One member thought so. Other members said the San Diego model did not appear radical, nor did the Vancouver model. The comment was offered that the transportation system was a statewide system, and breaking it down regionally would disrupt its effectiveness as a statewide system. A member noted that the current system involves a piecemeal approach at the local level.

Committee members discussed the benefits of regional authorities and working together at the local level. A member remarked that communication seemed to be a problem in some regions. It was noted that in other regions local governments work together very well under a model of volunteerism. A number of members mentioned that without new funding, reorganizing along regional grounds would not help much. The Chair noted that the theme of aligning funding authority with implementation responsibility continues to be of primary interest to the Administration Committee.

Two members of the audience addressed the meeting. Bob Smith, Mayor Pro Tempore of Sequim, said that local jurisdictions often feel that policymakers do not use the work and priorities that local jurisdictions have developed. Doug Rauh from Bainbridge Island said taxing the local populace for projects in their areas was the appropriate policy.

Next Meeting

The next Administration Committee meeting is scheduled for **Friday, June 18, 1999**, and will include presentations on alternative project delivery, including design/build and the South DuPont Interchange on Interstate 5. The meeting will take place from 9:00 a.m. to 12:00 p.m. in the LaGuardia Room of the SeaTac Holiday Inn, located at 17338 International Boulevard in the City of SeaTac.

The meeting was adjourned at 11:55 p.m.